

STATEMENT OF PURPOSE

RS21135

The purpose of this bill is to amend Section 63-3022B, Idaho Code, to revise the eligibility criteria for taking a state income tax deduction for installing energy efficiency upgrade measures within existing residences; declaring an emergency and providing retroactive application.

FISCAL NOTE

The estimated cost of the current deduction for FY13 is approximately \$870,000 in foregone revenue. According to the State Tax Commission, an estimated 174,493 owner-occupied homes were constructed between 1976 and 2004. An estimated 163,978 owner-occupied homes exist that were constructed prior to 1976. Assuming the same participation as currently experienced, the Tax Commission estimates that the cost of expanding the deduction will be approximately a reduction of revenue of \$925,000 for FY13. The increase in cost is estimated to grow to \$1m by fy15.

The loss in revenue will be offset by the following:

A net positive impact is created due to the fact that participants save money on their energy bills, and usually more of the dollars spent on energy efficiency remain in the local economy than dollars spent on "traditional" electric generation or fossil fuel purchases. Energy efficiency efforts are also more labor-intensive than typical generation which means more jobs are created than lost by reducing spending on electric generation. A 2012 study conducted for Vermont Department of Public Services indicates that impacts can be as high as 43 job-years per million dollars. Similar studies in the Northeast showed impacts between 36 and 60 job-years per million dollars spent due to energy efficiency. One study in Wisconsin even showed between 75 and 250 job-years per million dollars over 25 years.

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